

# **FISCAL MEMORANDUM**

## **SB 3637 – HB 3459**

February 25, 2008

**SUMMARY OF AMENDMENT (013454):** Deletes the language of the original bill. Authorizes non-profit organizations and public schools to engage in three temporary sales periods per year without being considered a business for tax purposes.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Decrease State Revenue - \$846,100

Decrease Local Revenue - \$272,000

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Decrease State Revenue - \$423,000**

**Decrease Local Revenue - \$136,000**

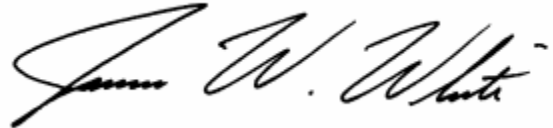
#### **Assumptions applied to amendment:**

- Based on information obtained from the website of the Secretary of State (SOS) on charitable organizations, there are approximately 5,400 charitable organizations authorized to operate in Tennessee (approximately 4,000 are registered with the SOS; approximately 1,400 are exempt from registration as a result of receiving less than \$30,000 per year from public donations, grants, etc.).
- There were 1,710 public schools in the state during FY06-07.
- 100% take advantage of one additional temporary sales period per year.
- Sales are estimated to average \$850 per event.
- Sales for one additional temporary sales period are estimated to be \$6,043,500 (7,110 entities x \$850 per event = \$6,043,500).
- The current state sales tax rate is 7.00%
- The decrease in state revenue is estimated to be \$423,000 ( $\$6,043,500 \times 7.00\% = \$423,045$ ) per year.
- The local option sales tax rate is estimated to average 2.25%.
- The decrease in local government revenue is estimated to be \$136,000 ( $\$6,043,500 \times 2.25\% = \$135,979$ ) per year.

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**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized initial "J".

James W. White, Executive Director

/rnc